Report of the

Nova Scotia Task Force on the Film and Video Industry

Province of Nova Scotia

Department of Culture, Recreation & Fitness

Department of Development

Department of Transportation

June 20, 1984

Honourable Roland J. Thornhill
Minister of Development

Honourable John MacIsaac
Minister of Transportation

Honourable Billy Joe MacLean
Minister of Culture, Recreation and Fitness

Dear Hon. Ministers:

On behalf of the Nova Scotia Task Force on the Film and Video Industry including representatives from the industry and your departments, it is my honour to provide you with the complete text of our report. The recommendations and commentary prepared for your consideration are the result of a public hearing, submissions by interested parties, and research carried out by the Task Force. It is recommended that this report be distributed as a public document.

Sincerely,

Elizabeth Hanson

Elizabeth Hanson
Chairman, Nova Scotia Task Force
on the Film and Video Industry

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TABLE OF CONTENTS

	Page
INTRODUCTION	1
EXECUTIVE SUMMARY	4
TASK FORCE REPORT	
Nova Scotia Motion Picture Development	6
Provincial Government Purchase of Film & Video	15
Nova Scotia Film Resources Centre	19
Atlantic Independent Film and Video Association	21
Festivals and Awards	23
Public Archives of Nova Scotia	25
Department of Culture, Recreation and Fitness - Program Information	28
Nova Scotia Contemporary Film and Video Collection	29
Provision of an Indoor Studio Facility	30
Amusements Regulation Board	32
Theatrical Distribution/Exhibition in Canada	35
Telefilm Canada Maritime Office	36
National Film Board Atlantic Region Studio	38
Purchase of Independent Production by CBC/CTV-ATV	41
Government-Industry Consultations and Ongoing Review	44
APPENDIX	
List of Recommendations	45
Terms of Reference	50
Nova Scotia Film Industry Impact	52
Acknowledgements	67
Groups and Individuals Who Presented Briefs	68

INTRODUCTION

From its beginnings with Thomas Alva Edison, the motion picture was associated with experimentation, technological development, and innovation. Famous names were attracted to the motion picture or were made by it. Glamour, city lights, a racy public lifestyle and commercial opportunism all became hallmarks of the industry whether it was pictured in Hollywood, New York, London or Berlin.

Through wars, revolutions, economic depressions and other struggles, the motion picture emerged as a potential political and propaganda instrument. The documentary style also evolved as a new means of dealing with special interest topics. Animation techniques made impossible worlds come to life. Mickey Mouse and friends joined the ranks of film idols as household names.

For fifty or so years, the motion picture industry lived a tinsel-town life. Its own hyperbole painted a picture of wild extravagance, big deals and larger than life action. Then in America, the advent of television with its entertainment on the home screen closed hundreds of theatres and set off the permanent decline of big Hollywood studios as an exclusive base of the world motion picture industry.

Over the next thirty years, technological, financial, social and cultural factors changed the face of filmmaking. Films are now made worldwide. Film companies are formed to make a single film as well as to turn out a series of feature productions or documentaries. Companies also produce television commercials as a major aspect of their professional activities. While Hollywood struggles to keep a place in the industry, films for international distribution come out of small and medium sized countries as well as traditional sources such as Great Britain, Italy, and France. Television, once the fierce competition, is now a major marketplace along with theatrical exhibition.

The motion picture and its video-tape counterpart has become a cultural industry, a business activity that can be mounted almost anywhere there is a person or group with the financing, technical skills and creative resources necessary to tell a story or capture an aspect of life for later exhibition to the general public.

The motion picture and video industry bring interesting possibilities to Nova Scotia. The Province is not a traditional locality for filmmaking. But then neither is New Zealand or Iceland, both of which have thriving film industries. However, there is film activity in the Province. There are locations and resources. Film and video people with determination and pride are making this area a life's work.

In mid-1982, filmmakers centered in Halifax formed the Atlantic Independent Film and Video Association (AIFVA) to represent concerns of independent producers and freelance, creative and technical personnel of the Atlantic region. AIFVA wrote Premier John M. Buchanan and requested a meeting. Discussions were held with the Ministers of the Departments of Culture, Recreation and Fitness, Transportation (Communications Policy) and Development. A proposal for a film study was presented by AIFVA. After consultations between industry representatives and senior staff, a formal document establishing a study of the provincial film and video industry was finalized and signed by the Ministers. The study was approved by the Provincial Cabinet in June 1983. Ms. Elizabeth Hanson was appointed Chairperson.

The Task Force on the Film and Video Industry, including three industry and three Government representatives, began its activities in November 1983. It advertised for submissions from the film and video industry and conducted background research. Meetings with representatives of major film and video interests were held.

In early February, three days of public hearings were conducted in Halifax during which twenty-three separate submissions were made to the Task Force.

The following report outlines the issues which the Task Force feels warrant government attention and identifies specific recommendations which, if implemented, the Task Force feels would contribute to the development of the film and video industry in this Province.

EXECUTIVE SUMMARY

The Nova Scotia film and video industry is a viable, diverse, potential growth sector of the provincial economy. With a minimum amount of government assistance, the industry has expanded from its 1972 base of two resident production companies to its current number of sixteen companies (several of which are also engaged in distribution). Industry sources estimate gross 1983 revenues to be $3.2 million with approximately 300 people employed.

Film and video mirror the Nova Scotian way of life; reflecting to others our heritage, talents, and accomplishments, educating us about ourselves, expressing our feelings, and selling our products.

Nova Scotia's creative and technical skills in film and video are competitive with those found anywhere.

However, while the provincial industry has demonstrated its growth potential over the last decade largely through private initiative, certain areas remain under-developed, most notably:

- access to public and private funding
- equitable access to local production demand
- access to national and international exhibition markets
- technical training and professional development

The Nova Scotia Task Force on the Film and Video Industry makes the following recommendations designed to assist and promote the development of Nova Scotia's film and video industry.

A provincial Motion Picture Development Agency be established to provide funding, marketing and promotion, and training assistance.

All Provincial Government film and video requirements be supplied by the private sector.

The management and operations of the Film Resources Centre (FRC) be reviewed.

The Atlantic Independent Film and Video Association be given operational funding to set up an office with a coordinator.

The Province of Nova Scotia continue to support film and video festivals and exhibitions.

Nova Scotia films be properly archived.

Telefilm Canada establish a Maritime Region Office.

The CBC and ATV (CTV) be encouraged to purchase and air significantly higher numbers of Nova Scotia independent productions on both a regional and national basis.

NOVA SCOTIA MOTION PICTURE DEVELOPMENT

The first feature film made in Canada, an adaptation of Longfellow's "Evangeline", was made in Nova Scotia in 1913. Between 1920 and 1923, the Maritime Motion Picture Company established by Wallace MacDonald of Sydney, made a number of travelogues of New Brunswick and Newfoundland and two feature films. These early films involved American technical crews and talent.

In 1945, the Nova Scotia Government established its own film unit with Margaret Perry as the one woman production crew. In her 24 years there, with occasional staff assistance, she produced fifty documentary films about many aspects of Nova Scotia life from fishing and crafts to MicMac legends and churches.

In more recent years the National Film Board and the Canadian Broadcasting Corporation, and Atlantic Television Limited have made many films in and about Nova Scotia.

American production companies have come to film and include Nova Scotia's scenic and cultural character as a backdrop to feature films. Some recent examples include; Echoes of a Summer, My Bloody Valentine and The Bay Boy. Even the Oscar award-winning On Golden Pond had originally been considered for Nova Scotia, but a site in New Hampshire was chosen instead. The American companies producing these films have not hired a significant number of Nova Scotia technical craftspeople nor acting talent.

Over the past twenty years, the private independent film industry has begun to develop in Nova Scotia. The independent film industry includes companies engaged with production of motion pictures, videotape recordings, audio-visual and multi-media productions.

The private non-broadcast industry includes contract or commercial producers, speculative feature producers and non-profit cultural producers.

The local independent industry has grown from two resident production companies in 1972 to sixteen in 1984. It includes people employed in such varied capacities as camera operators, lighting and sound technicians, scriptwriters, producers, directors, editors and actors. Film and videos of various lengths and types are made including experimental shorts, educational, industrial, documentary, promotional, television commercials and full length features. The backbone of the filmmaking industry is the commercial sector, approximatley 60% of revenues generated in filmmaking are from this industry activity. A number of Nova Scotia's sponsored and feature films have reached markets elsewhere in Canada, in the United States or in Europe and have proven to be creatively and technically competitive with films produced anywhere in the world.

The film and video industry is heavily influenced by changing communications technology, particularly with respect to exhibition. Broadcast television, cable television, pay television, direct broadcast satellites, video cassette recorders and video disc players have all contributed to an expanding public demand for film and video programming. In addition, new technological developments in cameras and associated production equipment tend to make film production independent of major centres.

However, while technology has expanded film and video markets, it has not and will not contribute to declining employment in film production in the same way as technology is affecting other producing sectors of the economy. Indeed the film industry is more labour intensive than almost any other industry in Canada. On average, the film and video industry has one employee for every $36,000 in gross annual revenues.

By way of comparison, the cable industry has one employee for every $55,000 in gross annual revenues. For the 500 largest industries in North America, the comparable figure is $114,000. Because the film and video industry is so labour intensive, measures to increase its economic strength represent a very cost effective means of creating jobs.

Film and video comprise a principal aspect of what is often termed the "arts industry". In Canada in 1980, (the date for which the most recent statistics are available), the arts industry, according to Statistics Canada, had a revenue of $7 billion, eleventh in size compared to the twenty largest manufacturing industries; it employed 234,280 persons, more than any other manufacturing industry, with salaries and wages of $2.3 billion.

While the Nova Scotia film industry has demonstrated its growth potential and creative and technical capabilities over the past decade through private initiative and as a result of the fine support work of the National Film Board, the Atlantic Filmmakers Cooperative and, more recently, the Centre for Art Tapes, a number of areas remain under-developed.

The Task Force feels the primary development objectives for the Nova Scotia film and video industry should be:

- to develop the ability to fully exploit available private and public sources of funding

- to develop the ability to compete equitably for existing markets

- to identify and secure new markets

- to develop adequate training programs

- to achieve higher employment levels

This section of the report will address three areas where Government programs will assist in developing the Nova Scotia industry: funding, marketing, and promotion and technical training.

Funding

The local production industry's financial requirements, and the ability to access available funds are determined by a variety of factors. These include the type and length of production; the speculative or non-speculative nature of the project; the level of experience and the reputation of the production company, etc. Sample budgets for full length feature films can start at $300,000 and range upwards; for thirty minute documentary or promotional films, from $50,000 to $150,000; for a short, experimental film, approximately $5,000.

Aside from the producer's own resources, funding sources which have been accessed to some extent by local producers include: non-speculative sponsorship by clients; speculative investment by the private sector; equity investment by Telefilm Canada (formerly called the Canadian Film Development Corporation); assistance programs from National Film Board Atlantic Studio, the Canada Council, as well as some provincial government departments. Most of these sources have very specific policies as to which type or phase of a project they will support, and their participation is usually contingent on that of other parties. Failure to secure funding from either source during the course of the project can mean that other sources will not be available either.

Prime examples of this problem are to be found in cases in which producers attempt to access Telefilm Canada's recently established Canadian Broadcast Program Development Fund. The fund provides up to one-third investment by Telefilm Canada, with the remaining two-thirds of the project's costs to be raised from other sources. Nova Scotia film producers find it difficult to secure the remaining funds.

Other projects such as short subjects which have less obvious commercial potential than either feature films or contract films and videos, may secure partial Canada Council or NFB assistance, but rarely do such funds cover total project costs. In general, this type of film is highly speculative and does not attract private investment. It is important to note that these films, besides being worthy of support on their own merit, should be supported for their function as the research and development component of the industry's overall development. These film and video producers take many of the creative and technical risks which eventually influence the nature of commercial film and video.

Difficulties in accessing funding sources also arise for some producers who lack the experience to qualify for the majority of existing programs. Such beginning producers warrant some assistance in that they will become the experienced producers of the future industry.

The Government of Nova Scotia should establish a program of financial support and assistance for the film and video industry. While the film industry has demonstrated dramatic growth in the past ten years, it is still very much an industry which the Government's White Paper on Economic Development, "Building Competitiveness", characterizes as "an important 'infant industry' (which) needs assistance until it is firmly established." This funding assistance would be developmental seed money in the form of loans, loan guarantees, equity investment, grants and awards.

Such seed money would not only provide partial project funding, but also allow producers to attract other public investment, most notably through the federal film development corporation, Telefilm Canada, and also private investment. The Task Force feels that an investment of from one-half to three-quarters of a million dollars could conservatively attract between four and five million dollars to the Province, primarily in the area of feature films, one-half hour TV dramas, documentaries, children's programs and promotional films.

Marketing

The marketing of films and videos is an integral industry function, which takes various forms, depending on the type of production to be sold. The work of a contract producer is generally sold to a client on the merits of the company's track record, or based on the quality of a creative proposal which is marketed at the concept stage. Production doesn't begin until the market is secured.

Documentary, experimental, and feature film and video makers are usually producing their work on speculation, selling the product after completion.

Marketing and promotional activity is crucial to speculative film and video producers between completion of a product and securing its distribution. Marketing expenses can include advertising, promotional printing and publicity costs; as well as travel, shipping, film to video transfers, 16mm to 35mm enlargement costs, festival entry fees, and agents' and lawyers' fees.

The Government of Nova Scotia should provide a program for assisting Nova Scotia producers with marketing and distribution including researching new markets, organizing exhibitions and trade fairs, marketing and public relations workshops and seminars.

These services would help the local industry to become better equipped to market its own product more effectively. The program could also help to develop the skills of local distribution companies.

The most important principle should be to help industry personnel to further develop their own marketing, promotional and public relations skills, rather than the performance of these functions on behalf of the industry.

Training

There are no formal, comprehensive training programs available within the Province. There are, however, two courses which offer limited training in key film and video areas: the video production and post-production course offered at the Nova Scotia College of Art and Design (NSCAD), and the basic 16mm filmmaking credit course offered by the Atlantic Filmmakers' Co-operative in cooperation with NSCAD. Informally, the Film Co-op has provided a valuable resource over the years by offering ad hoc film production and editing experience through the making of Co-op films. The NFB, Atlantic Region, offers training in conjunction with their internal production activities (e.g., currently, there are sound recording and editing apprenticeships associated with the completion of a number of NFB productions.)

Aside from these types of training, there are super 8mm and 16mm film and video production and editing workshops offered by the Film Co-op and the Centre for Art Tapes on an occasional basis. Overall, much local training is acquired in a rather sporadic manner, and not in ways which are comprehensive in terms of industry or career development needs. Consequently, many Nova Scotians interested in working in the industry must leave the Province to acquire levels of skills and experience necessary for competing on professional terms.

The Task Force heard a number of respresentations concerning training ranging from more NFB apprenticeships, to increased support for the Film Co-op's training facilities and programs,and for their school and community workshops as well as suggestions for the creation of an industry apprenticeship program in co-operation with the private sector.

Having reviewed existing training opportunities, the Task Force has concluded that, between established companies and public sector institutions (including Atlantic Film Co-operative, Centre for Art Tapes, NSCAD, and the NFB), the technical expertise exists, in the Province, for the technical training of individuals interested in the production and post-production of film and video. There is, however, a lack of co-ordination of these resources. This situation could be corrected through the development of a training and education program to survey the community to determine its current technical training needs, and to connect groups and individuals with the resources equipped to offer the required training.

In addition, a training fund could be established to cover tuition and material costs and cost sharing with companies or other agencies in establishing trainee and apprenticeship positions within the private sector.

The basic concept of the training program could be ongoing consultation with the community, co-ordination of needs with appropriate resources, and funding training and educational purposes.

Development Agency

The Task Force feels that the programs described above could most effectively be administered by a developmental agency of the Government. An agency directed by a board composed of Government and film and video industry representatives would be situated at arm's length from Government and would have autonomy in financial and policy making matters. The agency could be structured along similar lines to the Alberta and Quebec motion picture development agencies.

RECOMMENDATION

The Province should establish a program for assisting the Nova Scotia film and video industry, in the areas of funding, marketing and promotion, and training and education. A separate agency should be established to administer the programs.

PROVINCIAL GOVERNMENT PURCHASE OF FILM AND VIDEO PRODUCTIONS

Many of Nova Scotia's film and video producers pointed out in their presentations to the Task Force that one of their greatest difficulties is selling their products and services in Nova Scotia.

This concern was voiced predominantly by the commercial or contract film and video producers. Commercial filmmakers produce on a contract basis advertising, promotional, educational, training and documentary films and television commercials.

Many Nova Scotian products and services are promoted using out-of-province filmmakers. Examples include beer, wine, apple juice, beans, chocolates, tea, telephone service and lottery tickets. As was pointed out in one of the briefs to the Task Force:

> "It is somewhat ironic that one of the beer commercials states - "now there is a feeling in the Maritimes that it can be done here, that whatever you want is available here."
>
> "It's true, but the commercial was produced in Toronto!"

Nova Scotia commercial filmmakers are competitive in quality and price with filmmakers elsewhere in Canada and the United States. However, local filmmakers have found it extremely difficult to sell to major Nova Scotia markets, most notably the Government of Nova Scotia.

Provincial government departments and agencies spend in excess of one million ($1,101,424 - Government Services, Education, Lands and Forests and Tourism - 1982-1983) dollars per year on film and video production done within the Government through co-production arrangements with the CBC or with out-of-province film producers. Only a small portion of provincial government budgets are spent on local private sector productions.

The Task Force feels that the Nova Scotia Government can play a key role in developing the Nova Scotia film industry by taking a number of steps to utilize private sector filmmakers to satisfy government film and video needs. In addition, through its example, the government will encourage Nova Scotia private sector companies to utilize local filmmakers.

The Task Force feels the Government should amend its policies with respect to its film needs in three specific areas:

Government in-house production of film and video.

Use of federal Crown agencies, CBC and NFB, for film and video production.

Out-of-province purchase of film and video.

As indicated in the White Paper on Economic Development: "...government has also moved into areas that may bring it into direct competition with the private sector."

The Government of Nova Scotia, through the Departments of Government Services and Education, has become a competitor to private commercial flimmakers through in-house production of film and video material for themselves and other government departments.

RECOMMENDATIONS

The production of Government advertising, promotional, educational and training films and videos should be contracted to the private sector, rather than be done in-house.

That the Government Departments should reconsider their strategies for involvement in film, video, and audio-visual production; phasing down their production component gradually, divesting themselves of the technical facilities, and developing alternative approaches for meeting their film, video and audio-visual needs through the private sector.

The Provincial Government also "competes" with the private sector through the use of federal Crown agencies, the CBC and the NFB. Most notably, the Departments of Education and Tourism have made extensive use of the CBC for educational and promotional film production. Again, the White Paper on Economic Development highlighted the fact that government competes with the private sector and indicates it "is the result primarily of new Crown corporations and increased 'in-house' activity."

The Task Force feels that the Province of Nova Scotia should not use its own or federal public sector agencies for the production of film and video material.

RECOMMENDATION

Provincial Government departments should not use CBC, NFB or other government agencies as film and video production resources.

In order to promote and facilitate the purchase of private sector produced films to satisfy Government requirements, the Task Force recommends the Government review its purchasing and tendering practices to make private sector access easier, thus stimulating local production.

RECOMMENDATIONS

The Government should initiate a "Buy Nova Scotian First" policy for film and video purchases, followed by Maritime, other Canadian and lastly, non-Canadian, all other factors being equal.

The Government should establish a system of direct awarding of film and video contracts to Nova Scotian producers who present original proposals to interested departments.

The Department of Government Services should adopt film and video contract tendering procedures based on the guidelines and methods of the Sponsored Program Division of the National Film Board, involving maintenance of a list of qualified producers who are invited to submit bids for contracts.

NOVA SCOTIA FILM RESOURCES CENTRE

The Film Resources Centre was established in 1979 as a cooperative pilot project with funds supplied by the Nova Scotia Department of Culture, Recreation and Fitness; with the management of the Centre provided by Alliance of Canadian Cinema, Television, and Radio Artists Maritime Branch. The mandate of the Centre is described by ACTRA as three-fold:

To assist local filmmakers

To encourage on-location filmmaking

To increase job opportunities for ACTRA members

The Centre supplies services such as location scouting; liaising with government for sales tax exemptions on materials; securing filming clearance from local communities; expediting accommodation arrangements, and trouble-shooting for visiting companies. According to the Centre's brief, "through its direct efforts over the past four years, over $2 million was injected into Nova Scotia's economy from out-of-province sources..."

It should be noted that this amount accrued to the general economy as spin-offs in the service industries and small business community, very little of which was spent directly on wages and salaries paid to personnel in the Nova Scotia film and video industry.

Through the Centre, visiting companies are attracted to the Province through an advertising and promotion campaign in trade journals, directories, magazines, and travel to festivals, exhibitions and trade shows.

These functions form the single largest expense for the Centre, as it does for similar offices in other provinces, whose priority is to attract and provide services primarily to a visiting industry. The Centre reports that there are five out-of-province companies considering production here in the coming year.

While it is clear that the Nova Scotia Film Resources Centre has provided a service to visiting production companies, which have contributed to the provincial economy, a number of representations to the Task Force from local companies and freelance technicians indicated that only a small number of jobs had been given to Nova Scotian technical personnel. Even ACTRA admits that it is disillusioning to its members to see films done in the Province with no consideration being given to casting locally.

There is a general feeling in the film and video community that out-of-province companies filming in Nova Scotia should be required to hire a certain number of our skilled local technicians on any projects which receive financial assistance from the Government.

RECOMMENDATION

The operations of the Nova Scotia Film Resources Centre should be reviewed by the Department of Culture, Recreation and Fitness; and an evaluation made as to whether or not the present managing organization is the appropriate representative for the broad range of concerns of the professional filmmakers in Nova Scotia.

ATLANTIC INDEPENDENT FILM AND VIDEO ASSOCIATION

The Halifax based Atlantic Independent Film and Video Association (AIFVA) although a relatively new organization, has demonstrated its leadership role in identifying, and advocating on behalf of the needs of the local film and video industry. AIFVA's activities are directed by an elected board who serve a membership open to the entire range of people involved in film and video, and broadcasting.

The Association has initiated ongoing discussions between industry and government representatives at both the provincial and federal levels. As well, AIFVA has organized action on a number of issues confronting the film and video community - including pay TV access to public and private Canadian broadcast markets, and the responsibilities of federal film agencies to regional development. Indeed, the Nova Scotia Task Force on the Film and Video Industry was formed largely in response to representations made by AIFVA. To date, all of AIFVA's work has been sustained through voluntary efforts of industry personnel.

Although much has been done through volunteer work, much more needs to be done. Issues requiring Association attention include researching new markets, helping local producers to upgrade their marketing and promotional skills, and encouraging visiting film production companies to hire local talent.

The Task Force believes that the Nova Scotia Government should provide operational funding for the creation and maintenance of an AIFVA office with the services of a salaried coordinator. Such an office would provide a stable contact point for those engaged in the film and video industry in Nova Scotia.

This support would be in keeping with the Department of Culture, Recreation and Fitness practice of funding institutions and organizations in the private sector so as to provide leadership and programs to meet cultural needs.

RECOMMENDATION

Since AIFVA has proven itself to be a responsible and widely-representative voice for the Nova Scotia film and video community, the Association should be provided with operational funding for an office and a salaried coordinator to enable the organization to expand its activities on behalf of the local industry.

FESTIVALS AND AWARDS

In keeping with its mandate to encourage, promote and develop culture, including cultural industries, the Nova Scotia Government through the Department of Culture, Recreation and Fitness has supported film and video festivals and exhibitions. These activities have taken various forms in the Province: from a weekend exhibition at provincial craft markets; through a modestly scaled multi-media summer festival of the arts; to the larger, more ambitious annual Atlantic Film and Video Festival. Such events are beneficial to both the industry and to the overall cultural health of this Province.

The high costs of mounting a festival of this scale (for advertising, promotion, printing, shipping, equipment rental, travel, salaries and honoraria, etc.) can never be covered by relatively modest entry fees and private donations. Consequently, it can be expected that government subsidies would always be necessary for provincial and regional events of this kind as they are for Canada's largest festival, the Toronto Festival of Festivals, which receives a high proportion of provincial and federal government monies to supplement their corporate and private donations and admission fees.

Awards provide incentives for the development of local talent, and acknowledgement of excellence which defines industry and artistic standards. Awards also have a specific promotional value, in that they enhance the credibility of winning productions, and make them more attractive to audiences and prospective clients, distributors and exhibitors.

The rationale behind the provincial Government's creation of awards for cinematic excellence is two-fold: first, in consideration of our pride in, and appreciation for, the ways in which our film and video producers reflect and reinforce our sense of ourselves as Nova Scotians; and, secondly, in acknowledgement of the fact that they do so with production standards capable of competing in world class markets.

RECOMMENDATION

The Province of Nova Scotia should continue to support film and video festivals and exhibitions. The Government of Nova Scotia should also create a number of awards for excellence in film and video.

PUBLIC ARCHIVES OF NOVA SCOTIA

According to the Public Archives of Nova Scotia brief, the primary functions of the Film and Sound Department are:

> To provide scholars, historians, and the general public with documentation of the historical development of our culture through the media of film and tape; and
>
> To help to educate film and video makers in the artistic and technical traditions of film and video production in the Province.

Nova Scotia's motion picture production heritage goes back to the making of the first feature film to be shot in Canada - Evangeline, made in 1913. The Film and Sound Department has a relatively long history to collect and preserve for use by present and future generations. Despite the expensive nature of archiving film and video materials, it is essential to do so to achieve a better understanding of our Nova Scotian heritage.

Due to the lack of an acquisitions budget, the Film and Sound Department has acquired most of its holdings through free donation by the public sector (Provincial Government, CBC, NFB, and publicly-funded cultural organizations). Because no formal and comprehensive policy is in place, the acquisition of such materials is based largely on chance, rather than on definite procedures which ensure that all out of circulation audio-visual material will automatically be deposited in the provincial archives.

A Government directive could ensure that each department would deposit this material with the Film and Sound Department to guarantee its preservation for future generations of Nova Scotians.

Private sector productions presently held are on temporary deposit. Due to the high cost of film prints and videotapes, the Archives does not expect film and video producers to bear the cost of materials for permanent deposit, whether they be Nova Scotia-based or visiting production companies. There is a certain urgency to initiate this program as soon as possible, given the perishability of some of the older materials involved.

Another expense which the Film and Sound Department is currently having difficulty meeting, is the cost of transferring films to videotape for viewing purposes, while properly storing the originals to ensure their preservation. Presently, the National Film, Television and Sound Archives offers this transfer service for rare and delicate original materials for a nominal fee, but the shipping and insurance charges make the process expensive.

RECOMMENDATIONS

The Government of Nova Scotia should establish a fund for the purchase and deposit in the Public Archives of Nova Scotia of one preservation copy of each film or video production made by a Nova Scotia producer.

The Government should instruct all of its departments and agencies to arrange with the Archives for the deposit of all out-of-circulation film and video material in their possession.

The Government of Nova Scotia should increase funds to the Public Archives of Nova Scotia, to acquire, preserve and conserve the backlog of documents related to the previously neglected area of film, video and broadcasting industries.

DEPARTMENT OF CULTURE, RECREATION AND FITNESS - PROGRAM INFORMATION

The Department of Culture, Recreation and Fitness has offered various forms of assistance to film and video interests. The Film Resources Centre has received operational funding. The workshop program of the Atlantic Filmmakers' Co-operative has received a yearly grant. Several script development grants have been awarded to experienced filmmakers for work on further projects.

A number of representations to the Task Force indicated that there is confusion among members of the film and video community as to the exact nature of assistance and/or incentives available to them through the Department for film and video production and related activities.

In the interests of clarifying and promoting its existing program, the Department should issue and circulate a publication containing details of all policies, programs and application procedures which involve grants, assistance or incentives to individuals and/or organizations involved in the production, distribution, exhibition, and educational aspects of film and video in the Province.

RECOMMENDATION

The Department of Culture, Recreation and Fitness should publish an information booklet containing details of its current policies and programs including those concerning film and video.

NOVA SCOTIA CONTEMPORARY FILM AND VIDEO COLLECTION

In recognition of the importance of our film and video makers to the achievement of the Province's overall cultural objectives, the Department of Culture, Recreation and Fitness could institute a purchase program for film and video.

The films and videos to be purchased should be selected by a jury of peers chosen on a rotation basis from the Province's film and video producers, distributors, and exhibitors. A first year budget of approximately $7,000 to $10,000 would allow the purchase of 10 to 12 film and videos, depending on the length and type of work.

The resulting collection is intended to be representative of the particular creative and technical accomplishments currently found in the industry in Nova Scotia, and audience development would be an important function of the overall program.

Holdings could be viewed by the general public on the same basis by which they enjoy other forms of artistic and cultural products in public galleries, museums, libraries, etc.

RECOMMENDATION

The Department of Culture, Recreation and Fitness should institute a juried purchase program for Nova Scotia film and video.

PROVISION OF AN INDOOR STUDIO FACILITY

In surveying the facilities of public agencies and private companies engaged in film and video activity, the Task Force concluded that, in terms of production and post production equipment, and access to lab services, there are no significant technical deficiencies in the provincial industry.

However, several producers indicated the existence of a large indoor studio would greatly facilitate the work of the Province's already established, resident feature film companies, as well as a number of other companies who are moving into production of shorter drama for the expanding TV market. In fact, it has been suggested that the existence of such a studio space (coupled with the incentive of the Broadcast Fund) may even have a stimulative effect on dramatic production here.

Moreover, the Province would probably become more attractive to visiting companies who would prefer to do not only their location shooting here, but also much of their studio work as well.

The relatively small scale of our provincial industry does not warrant the expense necessary to construct a state of the art soundstage. Moreover, both ATV and CBC in Halifax already have fully-equipped studios. ATV's facilities are occasionally rented by private companies and the CBC's Board of Directors has recommended that they make theirs more available to independents in the future.

It has been suggested by the Nova Scotia Film Resources Centre and a number of private companies that an existing building with potential for conversion could be acquired and maintained for use by not only film and video producers, but also others involved in cultural activities such as theatre and music groups, performance and media artists, and dance companies.

RECOMMENDATION

A government/industry working committee should be established to examine the possible need of the Nova Scotia film and video industry for a sheltered, indoor shooting facility.

AMUSEMENTS REGULATION BOARD

Representations were made to the Task Force by a number of Nova Scotia exhibitors concerning actions which could be taken to improve the business climate for theatre operators in the Province.

It was suggested that a small percentage of the Amusements Tax could be rebated to exhibitors as a handling fee for the collection and remitting of the tax to the Nova Scotia Government. These operators are currently receiving such a rebate in New Brunswick and would like to see the practice extended to Nova Scotia, as payment for services rendered.

RECOMMENDATION

> The Theatres and Amusements Act should be revised to allow theatre operators a percentage rebate of the amusements tax for recovery of the cost of collecting and remitting such tax.

It was also suggested that Nova Scotia consider the adoption of a Parental Guidance (PG) rating for films which the Amusements Regulations Board considers to be suitable for viewing by children under 14 years of age unaccompanied by an adult. Currently, the provincial classification system includes a "General" rating for material considered to be suitable for viewing by persons of any age; and an "Adult" rating for films which the Board considers to be viewable by persons 14 years of age or older, unaccompanied by an adult (i.e., persons 14 years old and under must be accompanied by an adult).

However, there is presently no accommodation for material which falls in between these two categories (i.e., not suitable for young children, and not of interest to adult audiences).

Theatre operators claim to be losing revenues because of this system. Children from 9 to 14 years old are effectively barred from seeing many films in the theatres which their parents may consider to be suitable for them to view, but which have no audience appeal for adults.

A "PG" rating would leave decisions concerning the suitability for accompanied or unaccompanied viewing by 9 to 14 year olds to the discretion of their parents.

RECOMMENDATION

> **The Amusements Regulation Board should investigate the possibility of adopting the use of a PG (Parental Guidance) classification for those films which it deems to be suitable for viewing by children under 14 years of age, unaccompanied by an adult.**

Under the terms of the current Theatres and Amusements Act, the Board must screen and classify every motion picture intended for exhibition to the public in the Province. Classification fees are $10 for every 10 minutes (or portion thereof); and $5 for every 10 minutes (or portion thereof) of a copy of a film previously approved by the Board, provided that the copy of the film is in the same form as the original. The costs to the distributor for classification of a major feature film would be generally from $90 to $100. This is made back many times over at the box office, and is likely to be absorbed into overall expenses.

However, in certain cases, the small independent Nova Scotia theatre operator may find that the universal application of this fee schedule effectively impedes the exhibition in the Province of certain films of "minority appeal" such as "classics" or artistic productions, which may become "classics" in the future.

These productions are mainly outside of the commercial mainstream, and are of cultural, ethnic, historic, or artistic significance. The current universal application of classification fees, regardless of the type of film or its audience, in effect, discriminates against all but those films with box office potential.

If the Amusements Regulation Board were to exercise its discretionary powers to waive, reduce, or rebate fees for films of this nature, it would reflect an understanding on their part of the specialized markets which small alternative theatres represent.

RECOMMENDATION

An adjustment be made to the Theatres and Amusements Act which should permit the Amusements Regulation Board, in their discretion, to waive, reduce, or rebate classificiation fees for films with limited distribution, for exhibition to ethnic and/or special interest groups.

THEATRICAL DISTRIBUTION/EXHIBITION IN CANADA

The interdependent theatrical distribution and exhibition systems in Canada are largely owned and operated by the major Hollywood-based production-distribution companies who have traditionally enjoyed guaranteed access to the screens of the two largest exhibition chains (Famous Players, Odeon), in the country. Historically, this arrangement has effectively excluded Canadian independent films from access to the domestic theatrical market.

Of the four Nova Scotia produced feature films released over the last four years, none have yet been exhibited commercially in a Canadian theatre, although all have been sold to TV markets both here and abroad.

During 1981-1982, out of a total of 256 films exhibited in Nova Scotian commercial theatres, only 15 were Canadian. Of the foreign films, 173 were American, 17 were British, and the remaining 51 were from 8 other foreign countries. Canada is a principal foreign source of box office revenues for the United States; and in 1981 total box office receipts in Canada were $320,000,000. The lack of access to markets has kept the Canadian film industry from becoming financially viable.

RECOMMENDATION

The Nova Scotia Government, in co-operation with industry, should initiate inter-provincial and federal-provincial discussions on joint action to secure greater theatrical distribution and exhibition in Canada for Canadian films.

TELEFILM CANADA MARITIME OFFICE

Since its creation in 1967 "to foster and promote the development of a feature film industry in Canada", the budget over which the CFDC (renamed Telefilm Canada) has control, has grown from approximately $4 million dollars to over $30 million dollars currently. This is primarily because of the creation of the 'Broadcast Fund' set up in July, 1983.

The fund offers up to 1/3 financial participation by Telefilm in each project, with the other 2/3 being raised by the producer from other sources. The purpose of the Fund is to support film and television projects which Canadians will see on Canadian television.

Telefilm's broadcast fund has attracted co-producers from some of the seven countries with whom Canada currently has co-production treaties: France, Israel, Italy, West Germany, Belgium, U.K., and Spain (an Australian treaty is being negotiated). Home Box Office in the U.S. has accessed some of the fund; and officials of Telefilm have recently visited all of the Hollywood Studio Heads "to invite participation in the fund ... making it clear that Telefilm is ... in the business of producing Canadian films."

Of the more than $8 million dollars expended by January 1984 by Telefilm Canada out of the Fund, there is evidence that a significant percentage has been expended on projects originating inside Toronto and Montreal.

The Broadcast Fund derives its revenues directly from a tax on the Cable Industry. From the 57 cable companies in Atlantic Canada, it is estimated that the tax amounted to $1.3 million dollars to the end of January 1984. This tax represents a net outflow of revenues from the Atlantic Region.

Representations were made by the Atlantic Independent Film and Video Association on behalf of many producers, that the lack of a presence of Telefilm Canada in this region has led to a bias against Nova Scotia based producers. Although noting a recent increase in interest by officers of Telefilm Canada in this region, film producers were unanimous in the request that Telefilm Canada open an office for the Maritime Region. A number of representations were made that Telefilm Canada further designate a percentage of its annual budget to be spent in the region.

Telefilm Canada currently has major offices in Montreal and Toronto, and a smaller office in Vancouver.

In April 1982, presentation to the Parliamentary Standing Committee on Communications and Culture, the CFDC/Telefilm set out one of its priorities as:

> "to work with Provincial Governments and agencies to decentralize the private sector and promote regionally-based production and distribution."

RECOMMENDATION

The Government of Nova Scotia urge Telefilm Canada to set up an office in Halifax and designate a percentage of its total budget to be spent in the region.

NATIONAL FILM BOARD - ATLANTIC REGION STUDIO

The National Film Board Atlantic Region Studio, established in 1973, was the first such regional operation to be set up by the Board anywhere in Canada. In a far-sighted move, the Studio was commissioned "to make films about and/or relevant to the whole Atlantic Region, using, whenever possible, local talent and services." As the Studio's founding Executive Producer explains it, "this regionalization...was put into effect not only to help local filmmakers and videographers to find more work, but also to stimulate increased local sponsorship (funding) for A/V products."

Policy changes in recent years have directed NFB Studios to reduce the number of staff production personnel (largely through attrition) and, at the same time to hire a greater number of freelance workers on a "per project" basis. For Nova Scotians, this has meant an increase in work opportunities for independent technicians and creative personnel. In 1983, the Atlantic Region Studio employed 35 Nova Scotians, and out of a total budget of approximately one million dollars, at least $700,000 was spent here in the Province on salaries and services.

Aside from employment, independent producers find various forms of assistance vital to their work through the Halifax Studio: from lab and technical services to counselling and expert advice on all aspects of production and distribution.

The NFB has made a significant contribution to building the base for local industry.

A number of representations to the Task Force suggested that the NFB should offer more training opportunties. There has been a great deal of interest shown in receiving training and upgrading skills in camera work as operators or assistants.

It has also been suggested that a number of freelance personnel could benefit from apprenticing as producers, directors, editors, and distributors through the auspices of the NFB.

A new role for the National Film Board has been defined in the National Film and Video Policy announced by the Federal Government on May 29, 1984. The policy states the NFB should be:

- a world class centre in film and video production, and

- a national training centre for advanced research development and training in the art and technology of film and video

The NFB "will become a vital educational resource for aspiring filmmakers of unusual talent and ambition as well as experienced film artists seeking artistic renewal."

Another aspect of the new policy is that the NFB will contract out most filmmaking work and contract all production sponsored by federal departments (this latter function will eventually transfer to the Department of Supply and Services).

The Task Force notes that the "board will contract out for most filmmaking services to freelancers on an equitable basis between regions."

RECOMMENDATION

The Government of Nova Scotia should indicate support for the activities of the Atlantic Region Studio of the National Film Board and support the new policy thrust for the Board to contract its filmmaking services to the private sector and encourage a significant amount of the new research and development and training activity to take place at the Atlantic Region Studio.

PURCHASE OF INDEPENDENT PRODUCTIONS BY CBC, CTV-ATV

Under the terms of the Broadcast Act, both the public and private broadcasters are required to provide programming "of high standards, using predominantly Canadian creative and other resources." Moreover, the CBC has a specific mandate to be "predominantly Canadian in content and character... to contribute to... national unity and provide... expression of Canadian identity... serving the special needs of geographic regions."

Based on discussions held with the CBC and ATV, representatives concerning acquisition of Nova Scotia independent productions, the practices of the local public and private broadcasters seem to be similar, despite their different mandates and the distinctive regulations and directives which apply to each. For both, the bottom line appears to consist of several economic factors: a product's commercial viability (particularly for foreign markets); its low price; its appeal to advertisers; and its ability to compete for ratings. Neither has a separate budget for acquisitions of local independent work; and neither has total control of programing schedules (i.e., there is a certain amount of programing which must be carried for their respective national networks).

Local film and video makers face a great deal of difficulty in trying to access the Telefilm Canada Broadcast Fund, (producers who wish to access the fund must have in place a Canadian over-the-air broadcaster's guarantee to air the program within two years of its completion) because the local CBC seems to have no real program decision-making power. Producers who approach them are referred to the CBC national network in Toronto where virtually all programing decisions are made.

This situation puts local producers in competition with a large number of companies across the country, with the largest concentration being in Toronto and Montreal where companies have easy and inexpensive access to those making program purchasing decisions.

ATV is negotiating with Telefilm to be recognized as a producer for the purposes of the fund, which makes them potential competitors with any other independent producer trying to access the same monies.

In an effort to stimulate sales of Nova Scotia films and videos, the Government of Nova Scotia should request the CBC and ATV to develop efficient and innovative ways of broadcasting independently produced film and video. The CBC, in particular, should work toward realization of recent policy goals set out by the CBC Board of Directors for the establishment of a new regional programing budget, consisting of monies redirected as a result of the current re-organization of the CBC across Canada.

Participation in projects using the Broadcast Fund should be a primary objective of both regional and national broadcasters as their contribution to achieving desirable amounts of independent Canadian drama, variety, and children's programing. This participation could take the form, not only of broadcast guarantees, but also of investing money from their program budgets.

In addition, the national networks should both be encouraged to buy and broadcast quality Nova Scotian independent work.

As an incentive to encourage broadcast licensees to purchase independent, privately produced programing, the CRTC should provide a 200% Canadian content credit for independently produced programing broadcast during prime time. This would add 50 points to the 150% credit now available for broadcaster-produced programs.

RECOMMENDATIONS

The Government of Nova Scotia should urge the CBC and ATV to develop new and innovative ways of broadcasting independently produced programing and support the spirit of the broadcast program development fund through broadcast guarantees for local independent productions.

It should request that the CBC establish a regional programing budget for purchasing independent productions with program decision made in the Atlantic region. National and regional television networks and the pay TV licenses should be requested to purchase and broadcast quality independent production from all regions.

The Province should ask the CRTC to create an incentive for programing independent productions by providing a 200% Canadian content credit for these productions aired during prime time as opposed to the 150% credit for broadcaster produced Canadian programs.

GOVERNMENT-INDUSTRY CONSULTATIONS AND ONGOING REVIEW

The Task Force commends the Government for recognizing that the most effective way to foster cultural and industrial achievements in film an video in the Province is to work closely with representatives of the professional community who have demonstrated their expertise and their commitment to a truly Nova Scotian industry.

The Task Force members believe that fostering the development of the film and video industry will offer significant cultural and economic benefits to the Province and look forward to the early implementation of our recommendations. The Task Force feels that a government-industry review should be conducted to measure the effectiveness of action taken to develop the film and video industry.

RECOMMENDATION

> The Government of Nova Scotia should continue its policy of active and ongoing consultations with the film and video industry and that a follow-up assessment be made to measure the effectiveness of Government action to develop the Nova Scotia film and video industry.

APPENDIX 1

LIST OF RECOMMENDATIONS

1. The Province should establish a program for assisting the Nova Scotia film and video industry, in the areas of funding, marketing and promotion, and training and education. A separate agency should be established to administer the programs. (p. 14)

2. The production of Government advertising, promotional, educational and training films and videos should be contracted to the private sector, rather than be done in-house. (p. 17)

3. That the Government Departments should reconsider their strategies for involvement in film, video, and audio-visual production; phasing down their production component gradually, divesting themselves of the technical facilities, and developing alternative approaches for meeting their film, video and audio-visual needs through the private sector. (p. 17)

4. Provincial Government departments should not use CBC, NFB or other government agencies as film and video production resources. (p. 17)

5. The Government should initiate a "Buy Nova Scotian First" policy for film and video purchases, followed by Maritime, other Canadian and lastly, non-Canadian, all other factors being equal. (p. 18)

6. The Government should establish a system of direct awarding of film and video contracts to Nova Scotian producers who present original proposals to interested departments. (p. 18)

7. The Department of Government Services should adopt film and video contract tendering procedures based on the guidelines and methods of the Sponsored Program Division of the National Film Board, involving maintenance of a list of qualified producers who are invited to submit bids for contracts. (p. 18)

8. The operations of the Nova Scotia Film Resources Centre should be reviewed by the Department of Culture, Recreation and Fitness; and an evaluation made as to whether or not the present managing organization is the appropriate representative for the broad range of concerns of the professional filmmakers in Nova Scotia. (p. 20)

9. Since AIFVA has proven itself to be a responsible and widely-representative voice for the Nova Scotia film and video community, the Association should be provided with operational funding for an office and a salaried coordinator to enable the organization to expand its activities on behalf of the local industry. (p. 22)

11. The Province of Nova Scotia should continue to support film and video festivals and exhibitions. The Government of Nova Scotia should also create a number of awards for excellence in film and video. (p. 24)

12. The Government of Nova Scotia should establish a fund for the purchase and deposit in the Public Archives of Nova Scotia of one preservation copy of each film or video production made by a Nova Scotia producer. (p. 26)

13. The Government should instruct all of its departments and agencies to arrange with the Archives for the deposit of all out-of-circulation film and video material in their possession. (p. 26)

14. The Government of Nova Scotia should increase funds to the Public Archives of Nova Scotia, to acquire, preserve and conserve the backlog of documents related to the previously neglected area of film, video and broadcasting industries. (p. 27)

15. The Department of Culture, Recreation and Fitness should publish an information booklet containing details of its current policies and programs including those concerning film and video. (p. 28)

16. The Department of Culture, Recreation and Fitness should institute a juried purchase program for Nova Scotia film and video. (p. 29)

17. A government/industry working committee should be established to examine the possible need of the Nova Scotia film and video industry for a sheltered, indoor shooting facility. (p. 31)

18. The Theatres and Amusements Act should be revised to allow theatre operators a percentage rebate of the amusements tax for recovery of the cost of collecting and remitting such tax. (p. 32)

19. The Amusements Regulation Board should investigate the possibility of adopting the use of a PG (Parental Guidance) classification for those films which it deems to be suitable for viewing by children under 14 years of age, unaccompanied by an adult. (p. 33)

20. An adjustment be made to the Theatres and Amusements Act which should permit the Amusements Regulation Board, in their discretion, to waive, reduce, or rebate classificiation fees for films with limited distribution, for exhibition to ethnic and/or special interest groups. (p. 34)

21. The Nova Scotia Government, in co-operation with industry, should initiate inter-provincial and federal-provincial discussions on joint action to secure greater theatrical distribution and exhibition in Canada for Canadian films. (p. 35)

22. The Government of Nova Scotia urge Telefilm Canada to set up an office in Halifax and designate a percentage of its total budget to be spent in the region. (p. 37)

23. The Government of Nova Scotia should indicate support for the activities of the Atlantic Region Studio of the National Film Board and support the new policy thrust for the Board to contract its filmmaking services to the private sector and encourage a significant amount of the new research and development and training activity to take place at the Atlantic Region Studio. (p. 40)

24. The Government of Nova Scotia should urge the CBC and ATV to develop new and innovative ways of broadcasting independently produced programing and support the spirit of the broadcast program development fund through broadcast guarantees for local independent productions. (p. 43)

25. It should request that the CBC establish a regional programing budget for purchasing independent productions with program decision made in the Atlantic region. National and regional television networks and the pay TV licenses should be requested to purchase and broadcast quality independent production from all regions. (p. 43)

26. The Province should ask the CRTC to create an incentive for programing independent productions by providing a 200% Canadian content credit for these productions aired during prime time as opposed to the 150% credit for broadcaster produced Canadian programs. (p. 43)

27. The Government of Nova Scotia should continue its policy of active and ongoing consultations with the film and video industry and that a follow-up assessment be made to measure the effectiveness of Government action to develop the Nova Scotia film and video industry. (p.44)

APPENDIX 2

TERMS OF REFERENCE

Recognizing that the film and video industry in Nova Scotia represents a significant medium to achieve economic and cultural objectives, the Government of Nova Scotia under the Ministers of Culture, Recreation and Fitness, Transportation (Communications Policy), and Development have formed a public-private Nova Scotia Task Force on the Film and Video Industry.

The Task Force is charged with presenting a Report to the Ministers within a reasonable time and is asked specifically to:

(1) Assess the strengths and weaknesses of the industry in Nova Scotia including human, financial and technical resources available and needed.

(2) Examine the present and potential economic impact of the film and video industry, including the impact on employment, real domestic product, incomes and exports.

(3) Review production, distribution and exhibition arrangements in the province to determine their effect on the industry.

(4) Analyze the effect of the government-induced environment on the film and video industry, including a review of the effect of direct and indirect taxes, tax incentives, regulations, government direct support programs, government

purchase of film and video material, and other government policy in the fields of culture, economic development, education, and communications.

(5) Determine the market outlook for various film and video products, on a national and international basis.

(6) Recommend policy and program initiatives that the Government of Nova Scotia could take to foster development of the film and video industry in the Province.

APPENDIX 3

NOVA SCOTIA FILM INDUSTRY IMPACT

FEATURE FILM PRODUCER

Assumptions

Costs of production of films over the past five years were averaged to smooth out the distortions inherent in the industry. Dollar amounts from earlier years were inflated to allow for compatibility with later years.

Expenditure figures relating to one feature film were used as a proxy for the industry.

Expenditures broke down as follows:

- wages and salaries	38%
- film stock	3%
- film processing	12%
- post production	8%
- air travel	3%
- accommodation and meals	2%
- vehicles	2%
- financing and rentals	20%
- telephone	1%
- set construction	7%
- equipment rental	4%

Payments to individuals and firms based outside of Nova Scotia amounted to almost half of all expenditures (45%).

Royalties, at 3% of the cost of the film, were deemed to be received as additional household income in the year in which the film was produced.

Direct employment was the equivalent of seven person years of employment based on pro-rating those positions which were for less than a year's duration.

Results

(i) HOUSEHOLD INCOME: As a result of expenditure on direct household income of $135,000 annually, spinoff household income of $130,000 is generated, creating total household income of $265,000 on an on-going, annual basis. Therefore, for every dollar of household income spent by feature film production, an additional dollar is generated elsewhere in the economy.

(ii) EMPLOYMENT: With a direct personyear equivalent of seven persons employed for a year, an additional eight jobs are created elsewhere in the economy, for a total of 15 jobs supported on an annual basis. For every direct job created, there is an additional 1.1 jobs created in spinoff employment.

TABLE 1
HOUSEHOLD INCOME AND
EMPLOYMENT EFFECTS
SAMPLE FEATURE FILM PRODUCER
NOVA SCOTIA

	Household Income (in $ '000's)	Employment
Direct	135	7
Indirect	65	4
Induced	65	4
TOTAL	265	15
Multipliers	2.0 *	2.1 **

* for every dollar of direct household income received, an additional $1.00 in household income was generated.

** for every direct person year of employment, an additional 1.1 jobs in spinoff employment was generated.

Source: Industry Data
Nova Scotia Input-Output System, 1979

COMMERCIAL FILM PRODUCER

Assumptions

Data was provided by one firm in the industry.

The breakdown of expenditures according to this source was:

wages and salaries	75%
materials	10%
travel	10%
utilities, stationery, rentals, etc.	5%

All purchases would, at a minimum, initially be handled by an in-province representative or distributor.

Full-time personyears of employment amounted to three.

Results

(i) HOUSEHOLD INCOME: Direct household income of $225,000 generates additional spinoff income of $140,000 for a total household income of $365,000 created annually. For every dollar of direct household income created, an additional $0.60 on spinoff household income is created annually.

(ii) EMPLOYMENT: Direct employment of three person years results in spinoff employment of eight, for a total of eleven jobs annually. The employment multiplier is 3.7, or for every direct job, an additional 2.7 jobs are generated.

TABLE 2

HOUSEHOLD INCOME AND
EMPLOYMENT EFFECTS
SAMPLE COMMERCIAL FILM PRODUCER

	Household Income	Employment
Direct	225	3
Indirect	45	1
Induced	95	7
TOTAL	365	11
Multipliers	1.6 *	3.7 **

* for every dollar of direct household income received, an additional $0.60 in spinoff household income is generated.

** for every direct personyear of employment generated, an additional 2.7 jobs are created.

Comparison With Other Industries

Table 3 provides some sample multipliers for other industries in the Nova Scotian economy. Feature film production has a larger household income multiplier than business serviced, the general category into which they would fall, while commercial film production falls short. In terms of employment, the results are reversed, with the multiplier for commercial film production exceeding that of business services, while feature film production falls short.

Film production in both cases exceeds the lowest industry multipliers (1.5 for household income and 1.6 for employment) but falls short of the highest multipliers (4.4 for household income and 9.9 for employment).

TABLE 3

HOUSEHOLD INCOME AND EMPLOYMENT MULTIPLIERS
SELECTED INDUSTRIES

	Household Income	Employment
Forestry	2.1	1.9
Fishing	1.5	1.8
Meat, Dairy & Fruit Products	4.4	3.7
Textiles & Clothing	1.7	1.6
Metal Fabricating	2.0	2.1
Petroleum Refineries	3.5	9.9
Construction	1.9	1.8
Finance, Insurance & Real Estate	1.9	1.9
Trade	1.6	3.7
Business Services	1.8	3.0
Feature Films	2.0	2.1
Commercial Films	1.6	3.7

Source: Nova Scotia Input-Output System, 1979

Comparison with Rest of Canada

Latest available data published on this industry relates to 1981. As can be seen from Tables 4 and 5, both firms used as samples here are at least as labour intensive as similar sized firms at the national level.

Nationally, wages and salaries and freelance fees account for 38.6 percent and 42 percent respectively. Provincially the comparable figures are 38 percent and 75 percent for feature and commercial film production respectively. If profits are also distributed to households, then the national figures rise to 53.2 percent and 60.8 percent, higher than for the provincial feature film industry but still lower than for commercial films.

TABLE 4

Selected Expenses Shown as a Percentage of Total Operating Revenue for Establishments Primarily Engaged in Film Production, by Revenue Size Group, Canada 1981

Based on a Panel of Firms

Details	Revenue size group							
	Less than $50,000	$50,000-99,999	$100,000-249,999	$250,000-499,999	$500,000-599,999	$1,000,000-1,999,999	$2,000,000 and over	Total
	percent							
Total operating revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Salaries and wages	30.4	27.8	22.6	22.0	18.4	24.7	15.7	19.3
Employee benefits	1.4	1.2	1.1	1.5	1.1	1.0	0.7	1.0
Freelancers' fees	7.2	13.9	14.9	15.1	15.2	16.0	21.7	17.9
All other operating expenses (2)	47.3	44.0	48.7	46.8	57.1	49.7	52.2	51.3
Expenses - Total	86.3	86.9	87.3	85.4	91.8	91.4	90.3	89.5

Source: Statistics Canada, Motion Picture Production, 1981, Catalogue 63-206

(1) Excludes freelancers' fees
(2) Excludes income tax, charitable donations, depreciation and interest paid

TABLE 5

Selected Expenses of Establishments Primarily Engaged in Videotape Production as a Percentage of Total Operating Revenue, by Revenue Size Group, Canada, 1981

Based on a Panel of Firms

Details	Revenue size group					
	Less than $100,000	$100,000-249,999	$250,000-499,999	$500,000-999,999	$1,000,000 and over	Total
	percent					
Total operating revenue	100.0	100.0	100.0	100.0	100.0	100.0
Salaries and wages (1)	39.5	30.9	23.6	25.4	19.2	21.3
Employee benefits	1.9	2.2	1.3	1.1	1.4	1.4
Freelancers' fees	11.4	7.3	17.1	34.3	11.7	13.5
All other operating expenses (2)	32.1	43.6	35.8	39.1	44.7	42.9
Expenses - Total	84.9	84.0	77.8	99.9	77.0	79.1

(1) Excludes freelancers' fees

(2) Excludes income tax, charitable donations, depreciation and interest paid

Source: Statistics Canada, Motion Picture Production, 1981, Catalogue 63-206

Input-Output Model Characteristics

Impact analysis is conducted by the application of an input-output model. An input-output model is an analytical tool that describes the structure of an economy and the interdependence of, or linkages between, the industries that make up an economy. An essential feature of the model is that it quantifies the inputs an industry requires to produce a given volume of output. The Nova Scotia Input-Output System describes the input requirements of an industry in value terms per dollar of output.

An industry uses three classes of inputs, each from different sources:

i Intermediate inputs, which are purchases of outputs of goods and services produced by other industries in the economy.

ii Primary inputs, consisting of labour and capital services.

iii Imported goods and services.

A powerful property of an input-output model is that it can measure the economic impact of a change in output in one industry on household income and employment in an economy. The size of economic impacts per dollar of output will depend upon the extent to which an industry obtains its intermediate inputs from local industries and, in turn, the interdependence of these suppliers with other industries in the economy. The greater these linkages, the greater the impacts. Conversely, the larger the import content of production, the smaller the impact on household incomes and employment.

Household Income and Employment

Household income is defined to include wages and salaries received for labour services, and other financial returns to individuls such as rent, interest, profits and dividends.

Employment is defined as person-years of employment. A person-year is synonymous with a full-time job. Part-time jobs are also included, but on a person-year equivalent basis. For example, two jobs each lasting for one-half year are counted as one person-year.

Economic Impacts

The Nova Scotia input-output model assesses the impact of an industry on household income and employment as generating three distinct, additive effects:

i Direct effect

ii Indirect effect

iii Induced effect

Direct Effect

The local expenditures by the industry of labour, goods and services are called the direct effect. The household income portion of this effect paid by the industry and accruing to residents of the province is termed "direct household income", and the employment provided the industry, "direct employment".

Indirect Effect

The local industries which supply equipment, materials and services to the industry themselves require purchases from other industries. In turn, these industries require purchases from yet other industries, but of lesser amounts. The process continues until the effects become too small to be measured. The sum total of these secondary purchases of intermediate inputs in the province is termed the "indirect effect".

The strength, or magnitude, of the indirect effect will depend critically upon the extent to which intermediate inputs are imported. The greater the import leakage, the smaller the indirect effect. This will depend, in the first instance, upon the nature of the industry's purchases from local industries, and secondarily, on the dependence of the industry's local suppliers on industries in the province for their intermediate inputs.

The household income portion of the indirect effect accruing to residents of the province is termed "indirect household income". The resulting employment created is designated "indirect employment".

Induced Effect

Individuals spend household income, generated by the direct and indirect effects on consumer goods and services. The demand for goods of various industries gives rise to further, but successively smaller, rounds of spending and responding as in the indirect effect. (The diminishing size of successive rounds of spending is due to the withdrawal of funds from circulation in Nova Scotia through taxes, saving and purchases of imports.) The sum total of this activity is called the "induced effect".

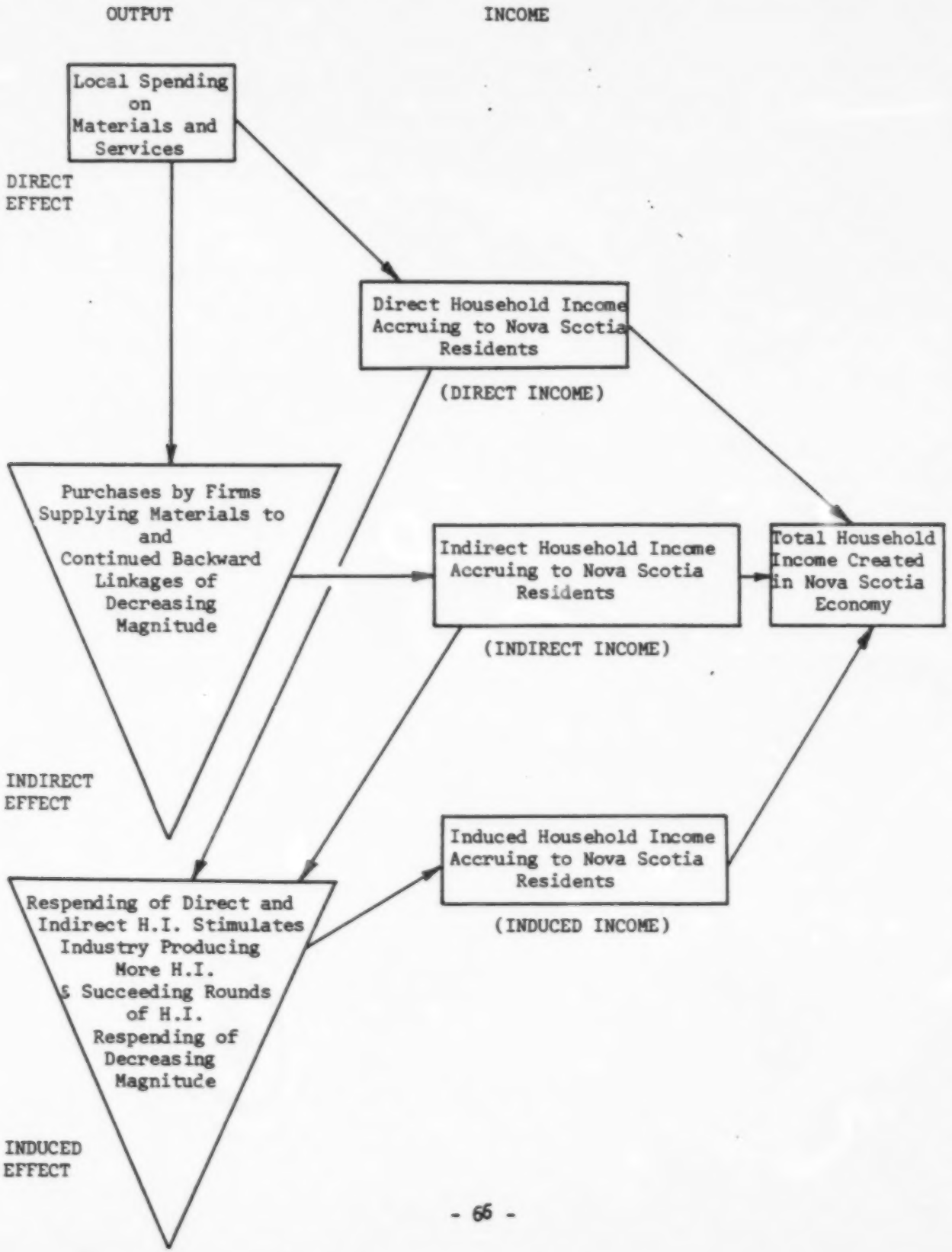
The household income portion of the induced effect accruing to residents of the province is termed, "induced household income". The employment generated by this activity, stimulated by the direct and indirect effects, is termed "induced employment".

Total Impact

The total impact of the industry on the province's economy is the sum of the direct, indirect and induced employment created.

Figure 1 illustrates the three separate effects and the way they are combined to generate household income impacts. Impacts on employment can also be illustrated in analogous fashion.

ILLUSTRATION of TOTAL HOUSEHOLD INCOME



APPENDIX 4

ACKNOWLEDGEMENTS

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Ms. Fran Gallagher-Shuebrook
Research Assistant

Ms. Pat Kipping
Film Archivist, Public Archives of Nova Scotia

Mr. Charles Clark
Audio Technician, public hearings

APPENDIX 5

GROUPS AND INDIVIDUALS WHO PRESENTED BRIEFS

ABS Productions - R. Sandoz

Atlantic Film Festival - Michael Riggio

Atlantic Filmmakers Co-operative -Linda Busby, Bonnie Baker

Atlantic Independent Film and Video Association - B. Burley

Atlantic Independent Theatre Exhibitors Association - Karen Winchester

Canada Service Bureau - Les Gallagher

Centre for Art Tapes - Cathy Quinn

Canadian Motion Picture Distributors' Association - Millard Roth, D. McKelvie

International Alliance Theatrical Stage Employees - Frank McGuire

Krizsan Productions - Les Krizsan

Livingston, Neal

Media Co-op Services - Ralph Holt

Murphy, Michael

Mount Saint Vincent University, D.U.E.T. Program - Diana Carl

National Film Board - Terry Ryan

Picture Plant - Bill MacGillivray

Public Archives of Nova Scotia - Pat Kipping

Red Snapper Films - Lulu Keating

Salter Street Productions - Michael Donovan

Skerrett Communications - Bill Skerrett

Tri-Media Production Services - Whitman Trecartin

Wormwood Dog and Monkey Cinema - Gordon Parsons